State Incentives for Alternative Fuel Vehicles and Fueling Infrastructure
www.eere.energy.gov/cleancities/inceen_laws.html 12/13/04

AR: The Arkansas Department of Economic Development established a rebate fund for the cost of converting vehicles to operate on alternative fuels. The fund provides a 50% rebate of up to $2,000 for each vehicle converted to operate on CNG, LNG, and electricity, and up to $1,000 for each vehicle converted to operate on LPG, methanol, and ethanol. The 50% rebate is also available for the incremental cost of purchasing an OEM AFV, with a maximum of $2,000 per rebate.

An income tax credit is available to biodiesel suppliers for up to 5% of the costs of the facilities and equipment used in the wholesale or retail distribution of biodiesel fuels.

AZ: A tax credit up to $75 is available to individuals for the installation of electric vehicle (EV) recharging outlets in a house constructed by the taxpayer.

The initial annual vehicle license tax on an AFV is lower than the license tax on conventional vehicles. The vehicle license tax on an AFV is $4 for every $100 in assessed value.

CA:

Grant Programs
The Carl Moyer Memorial Air Quality Standards Attainment Program provides funds on an incentive-basis for the incremental cost of cleaner than required engines and equipment. Eligible projects include cleaner on-road, off-road, marine, locomotive and stationary agricultural pump engines, as well as forklifts, airport ground support equipment, and auxiliary power units. (www.arb.ca.gov/msprog/moyer/moyer.htm; Reference California Health and Safety Code Section 44280, Proposition 40, 2002, Assembly Bill (AB) 1394, 2004)

The Lower-Emission School Bus Program provides grants to school districts to replace older, high-emitting pre-1987 model year school buses with lower-emitting models that meet the latest federal motor vehicle safety standards. (arb.ca.gov/msprog/schoolbus/schoolbus.htm)

The South Coast AQMD (SCAQMD) administers the Air Quality Investment Program, which funds projects that improve air quality through emissions reductions, including AFV projects on an on-going basis, with priority given to on-road vehicles. (www.aqmd.gov/trans/aqip.html)

The Bay Area AQMD (BAAQMD) offers several programs to provide incentives for clean-fuel vehicles, with an emphasis on public agency fleets. Incentives range from $1,000 to $5,000 per vehicle. (www.baaqmd.gov)

Through the Transportation Fund for Clean Air (TFCA) program, the BAAQMD offers incentives to cover the incremental cost of the purchase or lease of alternative fuel buses and the purchase of medium- and heavy-duty AFVs with a GVWR of 10,000 lbs. or greater. (www.baaqmd.gov)

The Sacramento AQMD's Heavy-Duty Low-Emission Vehicle Incentive Program offers a variety of financial incentives to entities that lower NOx emissions from heavy-duty

vehicles (both on and off-road) with a GVWR over 14,000 lbs. This includes purchasing new AFVs as well as retrofitting older diesel vehicles to ensure lower emissions. (www.airquality.org)

The Ventura County APCD offers the Clean Air Fund, which is seeking proposals for projects to reduce smog in the county, including alternative fuel vehicle related projects.

The San Joaquin Valley Unified Air Pollution Control District (SJVAPCD) Heavy-Duty Engine Incentive Program provides incentive funds for the incremental cost associated with reduced emission technology for heavy-duty vehicles. The Heavy-Duty Engine Program also has an Alternative Fuel Infrastructure component that provides grants for the development of infrastructure to dispense alternative fuel for heavy-duty vehicles. (www.valleyair.org/transportation/heavydutyidx.htm)

The Los Angeles Airport (LAX) offers free parking and recharging for EVs in the lower/arrivals level of Parking Structures 1 and 6. (www.lawa.org/lax/laxframe.html)

Incentives
[Pending federal approval,] Qualified AFVs can use high occupancy vehicle (HOV) lanes regardless of the number of occupants in the vehicle. An identification sticker must first be obtained from the California Department of Motor Vehicles (DMV). (www.arb.ca.gov/msprog/carpool/carpool.htm)

The City of Vacaville's CNG Vehicle Incentive Program provides an incentive to offset the incremental cost of CNG vehicles when compared to similarly equipped gasoline-powered vehicles. This incentive provides up to $4,500 for a new dedicated CNG vehicle lease or purchase from selected dealerships.
(www.cityofvacaville.com/departments/public_works/cng_program.php)

At San Francisco International Airport, drivers of CNG taxis are eligible for a front-of-the-line incentive allowing them one jump per shift.
(www.ci.sf.ca.us/site/taxicommission_index.asp)

The Sacramento Municipal Utility District (SMUD) has a discounted rate (approximately 50% of the regular residential rate) for electricity used to charge an EV for residential customers. (www.smud.org)

Riverside Public Utilities (RPU) offers rebates to customers that purchase new EVs from an authorized EV dealership after September 1, 2002. The rebate is worth 5% of the vehicle's total cash price, up to $5,000.
(www.riversideca.gov/utilities/benefits/resi/altfuel.htm)

CO: Prior to July 1, 2011, an income tax credit is available from the Colorado Department of Revenue for the incremental cost of purchasing an AFV or for the conversion of a vehicle to operate using an alternative fuel. HEVs also qualify for this incentive. The value of the credit is based on the EPA emissions classification of the vehicle; see a detailed table at
http://www.eere.energy.gov/afdc/progs/search_state.cgi?afdc|AA or
www.revenue.state.co.us/fyi/html/income09.html.

The Colorado Department of Revenue offers an income tax credit for the actual cost of construction, reconstruction or acquisition of an alternative fuel refueling facility that is directly attributable to the storage, compression, charging or dispensing of alternative fuels to motor vehicles. For Tax Year 1998-2006, the credit is 50%. For an alternative fuel refueling facility that dispenses an alternative fuel derived from a renewable energy source, the credit percentages specified above shall be multiplied by 1.25 with certification that at least 70 percent of the alternative fuel dispensed annually is derived from a renewable energy source for a period of ten years. (www.revenue.state.co.us)

Vehicles that meet or exceed the EPA ILEV classification and have a gross vehicle weight rating (GVWR) of 26,000 pounds (lbs.) or less may be operated upon high occupancy vehicle (HOV) lanes regardless of the number of occupants and without payment of a special toll or fee.

Vehicles, vehicle power sources, or parts used for converting a vehicle power source certified to federal Low Emission Vehicle standards or better are exempt from state sales tax.

CT: A Corporation Business Tax credit is available for 50% of the cost of installing a compressed natural gas (CNG), liquefied natural gas (LNG), or liquefied petroleum gas (LPG) refueling facility, an electric recharging site, and for the cost of converting a vehicle to operate on CNG, LNG, LPG, or electricity.

A Corporation Business Tax credit is available for 10% of the incremental cost of purchasing an alternative fuel vehicle (AFV) that is powered exclusively by CNG, LNG, LPG, or electricity.

The purchase of hybrid electric vehicles (HEVs) with a fuel economy rating of at least 40 miles per gallon (mpg) and the original purchase of dedicated natural gas, LPG, hydrogen, or electric vehicles are exempt from sales tax.

DC: The MWCOG administers the Advanced Technology Vehicle Program - The Clean Alternative, which is funded by the MDOT and offers flexible incentives to private companies and local governments to cover the incremental cost of clean-fuel vehicles that reduce emissions of nitrogen oxides (NOx). (www.mwcog.org/transportation/activities/clean)

Clean fuel vehicles in fleets whose operators control at least 10 vehicles in an ozone nonattainment area, as defined by the Clean Air Act, are exempt from time-of-day and day-of-week restrictions and commercial vehicle bans. In addition, a fleet vehicle that is operated by a covered fleet, has been certified by the Environmental Protection Agency as an Inherently Low Emission Vehicle (ILEV), and continues to be in compliance with applicable ILEV emission standards, is exempt from High Occupancy Vehicle lane restrictions. (

FL: Inherently low-emission vehicles (ILEVs) and hybrid electric vehicles (HEVs) may be driven in high occupancy vehicle (HOV) lanes at any time regardless of vehicle occupancy.

Electric vehicles (EVs) are protected from insurance surcharges based on factors such as new technology, passenger payload, weight-to-horsepower ratio, and the types of material used to manufacture the vehicle unless the Department of

Insurance determines from actuarial data submitted to it that the surcharge is justified.

GA: The Alternative Fuel Vehicle Incremental Cost Incentive Program is available to local businesses, governments, and authorities throughout the 13-county Metropolitan Atlanta area. The program provides an incentive for fleets to purchase alternative fuel vehicles (AFVs) by offering funding to offset the incremental cost difference of AFVs from comparable gasoline- or diesel-powered vehicles.

Georgia offers an income tax credit of 20% of the cost to purchase or lease a ZEV, or $5,000, whichever is less.

Georgia offers a tax credit towards the purchase, lease, or conversion of a vehicle that operates solely on an alternative fuel and is LEV certified (or better) by EPA. The credit is worth 10% of the cost of a new AFV or 10% of the cost of conversion, or $2,500, whichever is less.

There is a tax credit to any business enterprise for the purchase or lease of each electric charger that is located in Georgia.

AFVs displaying the proper alternative fuel license plate are allowed to use high occupancy vehicle lanes, regardless of the number of passengers.

HI: The state provides income tax deductions of $2,000 to $50,000, identical to the federal income tax deductions, for the installation of clean-fuel refueling property provided in the Energy Policy Act of 1992. (www.state.hi.us/tax/alphalist.html)

Alcohol fuels are exempt from the 4% state excise tax on retail sales.

IA: An AFV may be purchased with Iowa Department of Natural Resources demonstration grants funds only if the department retains the title to the vehicle and if the vehicle is used for continuing research. (www.state.ia.us/dnr/energy)

A tax credit is available to retail service stations at which more than 60% of the total gallons of gasoline sold through metered pumps are ethanol-blended. (www.state.ia.us/dnr/energy)

Ethanol-blended gasoline is taxed at $0.19 per gallon, while non-ethanol blended gasoline is taxed at $0.203 per gallon. Natural gas is taxed at $0.16 per gasoline gallon equivalent. (www.state.ia.us/dnr/energy)

ID: Idaho offers a tax deduction for the use of biodiesel and ethanol. Gasoline and diesel blends containing either fuel are eligible.

IL: The Illinois Alternate Fuels Rebate Program (Rebate Program) provides rebates for 80% of the incremental cost of purchasing an AFV or converting a vehicle to operate on an alternative fuel. The maximum amount of each rebate is $4,000. Gasoline-electric hybrid vehicles are not eligible. In addition, the Rebate Program includes E85 and biodiesel fuel rebates. For E85, the rebate is up to $450 per year for three years for each flexible fuel vehicle that uses E85 at least half the time.

IN: The Indiana Department of Commerce administers the Alternative Fuel Transportation Grant Program for projects that involve the purchase of alternative

fuel vehicles, conversion of conventionally fueled vehicles to operate on alternative fuels, installation of alternative fuel vehicle refueling facilities, purchase and use of renewable transportation fuels, or combinations of these purposes. Grant amounts range from $2,000 to $30,000. (www.in.gov/doc/businesses/AFTGPguidelines.html)

A taxpayer that is a fuel retailer and operates a service station in Indiana at which blended biodiesel is sold and dispensed through a metered pump in a taxable year is entitled to a credit of $0.01 per gallon of blended biodiesel sold and dispensed through all the metered pumps located at a service station.

Citizens Gas and Coke offers a rebate of $1,500 per vehicle converted to operate on CNG or for the purchase of an OEM dedicated or bi-fuel CNG vehicle. Used NGVs may also be qualified.

KS: The state offers an income tax credit for 50% (up to $50,000, depending on the Gross Vehicle Weight (GVW)) of the incremental or conversion cost of qualified alternative fuel vehicles (AFVs). The state also offers an income tax credit for 50% (up to $200,000 depending on the date the station begins service) of the cost of a qualified alternative fuel refueling station.

KY: Organizations or individuals located in non-attainment areas are eligible for Congestion Mitigation and Air Quality Improvement Program vehicle rebates for dedicated Original Equipment Manufactured (OEM) alternative fuel vehicles (AFVs): $2,000 per dedicated light or medium-duty AFV and $4,000 per dedicated heavy-duty AFV. (www.kentuckycleanfuels.org)

LA: The state offers an income tax credit worth 20% of converting a vehicle to operate on an alternative fuel, the purchase of an Original Equipment Manufacturer (OEM) alternative fuel vehicle (AFV), and of the cost of constructing an alternative fuel refueling station.

MD: The Advanced Technology Vehicle Program - The Clean Alternative, funded by the Maryland Department of Transportation (MDOT), provides for flexible incentives to private companies and local governments to cover the incremental cost of dedicated compressed natural gas (CNG) and other clean-fuel vehicles. The Metropolitan Washington Council of Governments (MWCOG) administers this program.

The Maryland Energy Administration (MEA) has a limited amount of money to help offset the purchase of alternative fuel shuttle and school buses. The rebate will pay up to $10,000 of the incremental cost of purchasing an alternative fuel shuttle bus.

ME: Maine provides a partial tax exemption for the purchase of clean-fuel vehicles. For original equipment manufacturer (OEM) vehicles, the incremental cost of the sale or lease of a clean-fuel vehicle for which there is an identical gasoline-powered vehicle is tax-exempt. If there is no identical vehicle powered by gasoline, 30% of the sale or lease price of an internal combustion engine clean- fuel vehicle, and 50% of the sale or lease price of a clean-fuel vehicle either fully or partly powered by electricity stored in batteries, generated by a dynamic flywheel or generated by a fuel cell on board the vehicle, is tax-exempt.
(www.maineenvironment.org/energy/TaxCredit.htm)

A tax credit is available for the construction or installation of, or improvements to, any refueling or charging station for the purposes of providing clean fuels to the general public for use in motor vehicles. The qualifying percentage is 25% for expenditures made from January 1, 2002 to December 31, 2005.

MS: Mississippi Valley Gas offers incentives for natural gas vehicles on a case-by-case basis and offers special rates for natural gas when used as a vehicle fuel. (www.mvgas.com)

MT: A tax credit is available for 50% of the conversion cost associated with converting a vehicle to run on an alternative fuel. The credit is worth up to $500 or $1,000, depending on the weight of the vehicle.

NC: Grants from the Department of Environment and Natural Resources Division of Air Quality are available for the incremental cost of purchasing Original Equipment Manufacturer alternative fuel vehicles, vehicle conversions, and constructing or implementing alternative fuel public refueling facilities. (daq.state.nc.us/motor/ms_grants)

A tax credit is available for qualified refueling facilities that dispense biodiesel, 100% ethanol or ethanol/gasoline mixtures consisting of at least 70% ethanol. The credit is equal to 15% of the cost to the taxpayer of constructing and installing the part of the dispensing facility, including pumps, storage tanks, and related equipment, that is directly and exclusively used for dispensing or storing the fuel.

NE: The Nebraska Energy Office administers the Dollar and Energy Saving Loans Program. The Program makes low-cost loans available for the replacement of conventional vehicles with AFVs; the purchase of new AFVs; the conversion of conventional vehicles to operate on alternative fuels; and the construction or purchase of a refueling station or equipment. The maximum loan amount is $150,000 per borrower. (www.nol.org/home/NEO)

NJ: New Jersey's AFV Rebate Program offers rebates to local government entities that convert vehicles to operate on alternative fuels or purchase original equipment manufacturer (OEM) AFVs. The rebate amounts are shown in the table below:

Vehicle Weight	**Rebate Amount (dedicated or hybrid)**	**Rebate Amount (bi-fuel)**
Light-duty (<8,500 pounds (lbs.)	Up to $4,000	Up to $2,000
Medium-duty (8,500-14,000 lbs.)	Up to $7,000	Up to $4,000
Heavy-duty (>14,000 lbs.)	Up to $12,000	Up to $6,000

The Local Government Alternative Fuel Infrastructure Program currently has funding available to reimburse eligible local governments, state colleges and universities, school districts, and governmental authorities for 50% of the cost of purchasing and installing refueling infrastructure for alternative fuels, up to $50,000 per applicant.

NM: Hybrid electric vehicles (HEVs) with a U.S. Environmental Protection Agency (EPA) fuel economy rating of at least 27.5 miles per gallon are eligible for a one-time exemption from the motor vehicle excise tax.

NY: New York's Alternative Fuel (Clean Fuel) Vehicle Tax Incentive Program offers tax credits for the purchase of new HEVs, EVs, AFVs, and the installation of clean fuel vehicle refueling property. Purchasers of qualified HEVs are eligible for a tax credit of $2,000. Purchasers of EVs are eligible for a tax credit of 50% of the incremental cost, up to $5,000 per vehicle. Purchasers of AFVs are eligible for a tax credit worth 60% of the incremental cost of the vehicle.

A sales tax exemption is also available for the incremental cost of alternative fuel vehicles and the cost of clean-fuel refueling property. (www.nyserda.org)

The New York City Clean Fuel Taxi Program provides up to $6,000 towards the purchase of new CNG taxis cabs or the conversion of gasoline cabs to operate on CNG.

The New York State Clean Cities Challenge, administered by NYSERDA, awards funds to members of New York's Clean Cities Coalitions that acquire AFVs and/or refueling infrastructure. Funds are awarded on a competitive basis, and can be used to cost-share up to 75% of the proposed project, including the incremental cost of purchasing AFVs, the cost of installing refueling and recharging equipment and the incremental costs associated with bulk alternative fuel purchases.
The New York City Private Fleet Alternative Fuel/Electric Vehicle Program, administered by NYSERDA in cooperation with New York City Clean Cities, helps private companies operating vehicles in New York City to acquire AFVs. Funds are awarded on a competitive basis for up to 40% of the incremental cost of purchasing new light-duty natural gas vehicles (NGVs) or EVs, and up to 70% of the incremental cost for purchasing new or converting medium and heavy-duty CNG, electric, or hybrid electric vehicles.

Keyspan Energy offers a NGV incentive program that provides rebates for NGVs on a case-by-case basis and special competitive rates for CNG refueling. Keyspan Energy will also help secure CNG refueling station financing, and provide technical assistance and other services to NGV fleets on a case-by-case basis.

OH: Alternative fuel vehicles (AFVs) are exempt from certain motor vehicle inspection and maintenance programs.

OK: A tax credit is available for 50% of the cost of converting a vehicle to operate on an alternative fuel or for 50% of the incremental cost of a new original equipment manufacturer (OEM) alternative fuel vehicle (AFV) and for 50% of alternative fuel refueling infrastructure. A state income tax credit is available for 10% of the total vehicle cost, up to $1,500, when an AFV is resold, as long as a tax credit has not been previously taken on the vehicle.

Oklahoma has an Alternative Fuels Loan program to help convert public fleets to operate on alternative fuels.

Oklahoma also has a private loan program with a 3% interest rate for the cost of converting private fleets to operate on alternative fuels and for the incremental cost of purchasing an OEM AFV.

OR: Oregon offers both a business and a residential tax credit for the purchase of an original equipment manufacturer (OEM) alternative fuel vehicle (AFV) or for the cost of converting a vehicle to operate on an alternative fuel. A tax credit is also available for installing a public or personal refueling station.

PA: The Alternative Fuels Incentive Grant (AFIG) Program, implemented by the Pennsylvania Department of Environmental Protection (DEP) Bureau of Energy, Innovations, and Technology Development, provides financial assistance for, and information about, alternative fuels and alternative fuel vehicles (AFVs). The following projects are eligible for funding: purchasing AFVs, including hybrid electric vehicles; converting or re-powering existing vehicles to operate on an alternative fuel; purchasing and installing alternative fuel refueling or recharging facilities; and developing and evaluating innovative AFVs and refueling or recharging facilities.

The Greater Philadelphia Clean Cities Program (GPCCP) has Congestion Mitigation Air Quality (CMAQ) funding available for AFV rebates. The Clean Fueled Fleets Grant is designed to offer up to 72% of the incremental cost of purchasing AFVs.

PECO Energy Company offers assistance in finding incentives for the purchase of natural gas (compressed and liquefied) and electric vehicles, fuel supply for compressed and liquefied natural gas vehicles, conversion of diesel engines for use with natural gas/diesel blends, and for the installation of refueling infrastructure.

UGI Utilities provides rebates for assistance with the incremental cost of purchasing natural gas vehicles (NGVs) and for the development of natural gas refueling infrastructure.

RI: The Rhode Island State Energy Office offers loans of up to five years, with minimal administrative fees, to state agencies and municipal governments to cover the incremental cost of purchasing original equipment manufactured (OEM) alternative fuel vehicles (AFVs).

For tax years beginning on or after January 1, 2001, a taxpayer entitled to the federal qualified electric vehicle (EV) tax credit shall be entitled to a tax credit equal to 25.5% of the federal qualified EV tax credit for tax year 2001 and 25% of the federal qualified EV tax credit for tax year 2002 and thereafter.

The Alternative Fueled Vehicle and Filling Station Tax Credit entitles taxpayers to a tax credit equal to 50% of the capital, labor, and equipment costs incurred for the construction of, or improvement to, any alternative fuel refueling or recharging station providing domestically produced alternative fuel. Taxpayers are also entitled to a tax credit equal to 50% of the incremental cost incurred for the purchase of an AFV or the capital, labor, and equipment cost of converting a motor vehicle to run on an alternative fuel.

New England Gas provides rebates and incentives for natural gas vehicle projects on a case-by-case basis through its Demand-Side Management Program.

TX: The Adopt-A-School Bus Program, a cooperative partnership between the U.S. Environmental Protection Agency (EPA), state agencies, local elected officials, and corporate sponsors, was established as a nonprofit grant program to aid local school districts replacing their aging, diesel school bus fleets with new clean fuel buses.

[Dallas-Fort Worth (www.adopt-a-schoolbus.org), Austin/Central Texas (www.cleanairforce.org), Houston (www.educationfoundation.info/adopt.htm), San Antonio/Alamo Area (www.aacog.dst.tx.us/schoolbus)]

TERP provides grants for various types of clean air projects in 41 counties to improve air quality in the state's non-attainment areas. Grants are available for new or converted on-road and off-road AFVs and engines.

AFRED's School Bus Rebate Program applies to school buses (Model Year 2004 or newer) that incorporate an OEM low emission vehicle (LEV) certified LPG system. The rebate is worth 80% of the incremental cost of the LPG system, less any other grant funds used to pay for the incremental cost of the LPG system.

Congestion Mitigation and Air Quality (CMAQ) Program Grants are available through the Houston-Galveston Area Council, through the Houston-Galveston Clean Cities Coalition, for 75% of the incremental cost for new OEM clean fuel vehicle purchases, and clean fuel vehicle conversions/repowers.

UT: The Utah Clean Fuels Grant Program provides grants worth up to 50% of the cost of converting a vehicle to run on a clean fuel ($2,500 maximum) and/or up to 50% of the incremental cost of purchasing an Original Equipment Manufacturer (OEM) vehicle ($3,000 maximum) minus the amount of any state tax credit claimed.

A 50% tax credit ($3,000 maximum) is available for the purchase of or conversion to a clean-fuel vehicle.

The Salt Lake City Department of Airports provides incentives to commercial ground transportation providers who purchase and operate clean fuel vehicles exclusively using approved clean fuels. Incentive credit amounts are $2,500 for each OEM or certified vehicle converted to run on an alternative fuel.

VT: Businesses in Vermont that are involved exclusively in design, development, and manufacture of electric vehicles (EVs), alternative fuel vehicles (AFVs), or hybrid vehicles (HEVs) are eligible for up to three of the following income tax credits:

- A percentage of increased payroll costs;
- 10% of qualified research and development expenditures;
- A credit against export taxes;
- 5% to 10% of total investments in plants or facilities and machinery and equipment (small business investment tax credit);
- Up to 6% of investments in machinery and equipment ($100,000 per year maximum);
- Up to 6% of investments for renovation of existing facilities to provide cable, fiber or telecommunications access;
- 20% of qualified training, education and workforce development expenditures; sales and use tax exemption for approved personal computers and software.

WI: The Wisconsin Department of Revenue offers a state alternative fuel vehicle (AFV) tax deduction identical to the federal AFV tax deduction.

WV: A $3,750 to $50,000 tax credit is available for the purchase of an alternative fuel vehicle (AFV) or converting your vehicle to operate on an alternative fuel, and a $4,125 to $55,000 tax credit for the purchase or conversion of an electric vehicle.

The Clean State Program provides grants of up to $20,000 to local governments for the cost of purchasing a dedicated compressed natural gas (CNG) or original equipment manufacturer (OEM) electric vehicles or converting a vehicle to operate on an alternative fuel.